

Washington State Auditor's Office

Audit Report

Audit Services

Report No. 5706

WASHINGTON STATE HISTORICAL SOCIETY

Agency No. 390

July 1, 1995 Through June 30, 1996

Issue Date: November 8, 1996

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Overview

We performed the statewide single audit of the state of Washington for the fiscal year ended June 30, 1996. In accordance with the Single Audit Act of 1984, we audited the state as an entity, rather than each agency separately. The results of this audit will be published in a statewide single audit report which includes the following:

- An opinion on the financial statements.
- A report on internal control structure-related matters based solely on an assessment of control risk made as part of the audit of the financial statements.
- A report on compliance with laws and regulations that may have a material effect on the financial statements.
- An opinion on supplementary Schedule of Federal Financial Assistance.
- A report on internal controls over federal financial assistance.
- An opinion on compliance with specific requirements applicable to major federal financial assistance programs.
- A report on compliance with general requirements applicable to federal financial assistance programs.
- A report on compliance with laws and regulations applicable to nonmajor federal financial assistance program transactions tested.
- A Schedule of Findings and Schedule of Questioned Costs.

The work performed at the Washington State Historical Society included procedures to satisfy the requirements of the 1996 statewide single audit and supplemental reviews and tests deemed necessary in the circumstances.

There was one finding, which is listed in the Schedule of Findings following this Overview, for the Washington State Historical Society.

Brian Sonntag
State Auditor

October 3, 1996

WASHINGTON STATE HISTORICAL SOCIETY

Agency No. 390

July 1, 1995 Through June 30, 1996

Schedule Of Findings

1. Washington State Historical Society (WSHS) Should Complete Catalog Inventory Of Historical Artifacts

WSHS does not maintain a complete inventory listing of historical artifacts. Currently, the collection is documented in varying degrees of detail and accuracy through card catalogs, donor lists, and other historical records. The agency does not know the extent of unrecorded artifacts, or whether all items recorded still exist in the collection. WSHS is making significant progress in recording the artifacts into a single comprehensive system. However, completion of this task is not expected for several years. This condition was reported in the 1991 Statewide Single Audit Report as Finding 61, in the 1992 Statewide Single Audit Report as Finding 92, in the 1994 Statewide Single Audit Report as Finding 102, and in the 1995 Statewide Single Audit Report as Finding 88.

Section 3.1.2.1.3.(c) of the State of Washington Office of Financial Management (OFM) *Policies, Regulations, and Procedures* manual and WSHS' enabling legislation in RCW 27.34.070 requires that museum and art collections held in trust be controlled through cataloging systems maintained by the societies. WSHS has established a computerized database cataloging system and is currently in the process of inputting the collection into the system.

Lack of compliance with OFM policies and procedures weakens the administrative controls necessary to safeguard assets held in trust for the state. Artifacts could be stolen or misplaced and the current system is inadequate to identify the missing items.

As previously reported, WSHS indicated that it does not have the funding to hire additional staff to complete the inventory process at a faster rate.

We recommend that WSHS comply with OFM requirements and complete the cataloging of its collections of historical artifacts.

Auditee's Response

We accept the Audit Finding regarding the absence of an inventory of historical artifacts. This problem took root over many decades and will take years in being resolved. Even so, I take some comfort in the very title of the finding which acknowledges that the process of remediating the shortcoming has begun. We have entered into dialogue with the Office of Financial Management which, through a partnered approach, will allow us to alleviate this chronic condition within four years if our proposal is funded.

Auditor's Concluding Remarks

We thank WSHS staff for their cooperation and assistance during our audit and appreciate the efforts made toward resolving this issue.